

## **IC 5-10.4-2**

### **Chapter 2. Fund**

#### **IC 5-10.4-2-1**

##### **Establishment of fund**

Sec. 1. (a) The Indiana state teachers' retirement fund is established to be used to pay benefits to teachers and to supervisors of teachers in the public schools after specified years of service and under other specified circumstances.

(b) The board is responsible for the control and management of the fund.

*As added by P.L.2-2006, SEC.28.*

#### **IC 5-10.4-2-2**

##### **Accounts**

Sec. 2. (a) The board shall segregate the fund into the following accounts:

(1) The pre-1996 account.

(2) The 1996 account.

(b) The board shall segregate each of the accounts established under subsection (a) into the following subaccounts:

(1) The annuity savings account.

(2) The retirement allowance account.

(c) Except as provided in subsection (d), member contributions shall be credited to the annuity savings account within the pre-1996 account.

(d) Member contributions made after June 30, 1995, with respect to the following members shall be credited to the annuity savings account within the 1996 account:

(1) An individual who first became a member of the fund after June 30, 1995.

(2) A member who:

(A) before July 1, 1995, served in a position covered by the fund; and

(B) after June 30, 1995, and before July 1, 2005, was hired by another school corporation or institution covered by the fund or rehired by a prior employer.

(3) A member described in subdivision (2) who, after June 30, 2005, is hired by another school corporation or institution covered by the fund or rehired by a prior employer.

(e) Member contributions made to the pre-1996 account with respect to a member covered by subsection (d) shall be transferred to the annuity savings account within the 1996 account.

(f) Employer contributions made after June 30, 1995, with respect to members described in subsection (d) shall be credited to the retirement allowance account within the 1996 account. Employer contributions made after June 30, 1995, with respect to all other members shall be credited to the retirement allowance account within the pre-1996 account.

(g) The board shall administer these accounts and subaccounts as

specified in IC 5-10.2-2.

*As added by P.L.2-2006, SEC.28.*

#### **IC 5-10.4-2-3**

##### **Proration of expenses among accounts**

Sec. 3. The board shall:

- (1) prorate the expenses of administration of the fund and the bond of the director between the retirement allowance accounts; and
- (2) pay the prorated expenses from those accounts.

*As added by P.L.2-2006, SEC.28.*

#### **IC 5-10.4-2-4**

##### **Required appropriation**

Sec. 4. (a) The general assembly shall appropriate an amount from the state general fund that is sufficient to cover the state's actuarial liability for each member covered by the pre-1996 account and for each state employee covered by the 1996 account. The board may reduce this liability by the amount of interest earned on the deposits in the fund. This liability is determined by the actuarial investigation required by IC 5-10.2-2-9.

(b) The actuarial investigation and the board shall include in the determination of the liability, contribution rate, and appropriation the amount necessary to fully fund any past and estimated future cost of living increases for members of the pre-1996 account and the 1996 account, amortized over thirty (30) years. The actuary shall consult with the budget agency in making this determination.

(c) The board shall:

- (1) prepare its budget based on this investigation and for other specified expenditures; and
- (2) submit the budget to the governor or to another officer or committee authorized by law to recommend the necessary appropriation.

(d) Each school corporation shall contribute to the 1996 account as specified in IC 5-10.4-7.

(e) If members receive compensation from federal funds, the board shall determine the employer's contribution, excluding administrative expenses, at the end of each fiscal year, to be paid from federal funds. The amount shall be determined by a method adopted by the board that results in an equitable sharing of the employer contribution by the federal government on account of members receiving compensation from federal funds.

*As added by P.L.2-2006, SEC.28.*

#### **IC 5-10.4-2-5**

##### **Pension stabilization fund**

Sec. 5. (a) The pension stabilization fund is established. The pension stabilization fund is a part of the pre-1996 account and shall be administered by the board in accordance with the powers and duties granted to the board by IC 5-10.4-3-6, IC 5-10.4-3-8, and

IC 5-10.4-3-10 through IC 5-10.4-3-14.

(b) The following shall be deposited in the pension stabilization fund:

- (1) Amounts allocated to the pension stabilization fund under IC 4-30-16-3.
- (2) A part of the employer reserve balance as determined by the budget director so that the employer reserve is sufficient for the cash flow needs.
- (3) Other amounts appropriated to the pension stabilization fund by the general assembly.

(c) Payments from the pension stabilization fund must equal the pre-1996 account liabilities for the current fiscal year minus the prior year's state general fund payments for the pre-1996 account multiplied by the pension stabilization percentage set forth in subsection (d).

(d) The pension stabilization percentage is one hundred six percent (106%). The budget agency, after review by the budget committee and with the approval of the governor, may change the pension stabilization percentage so that the present value of future payments from the fund equal the fund's balance plus the present value of future receipts to the fund, but the payments may not allow the fund balance to be negative.

(e) Money in the pension stabilization fund at the end of a state fiscal year does not revert to the state general fund.

*As added by P.L.2-2006, SEC.28.*

#### **IC 5-10.4-2-6**

##### **Allocation of interest income**

Sec. 6. (a) The board shall do the following:

- (1) Credit interest to the members' annuity savings accounts in the guaranteed fund and actual earnings to the alternative investment programs.
- (2) After complying with subdivision (1), distribute an amount up to the interest credit rate, not to exceed any remaining earnings, to the reserve accounts.
- (3) After complying with subdivisions (1) and (2), distribute any remaining undistributed income reserve as of the end of each fiscal year on a pro rata basis, based on fiscal year beginning balances, to all reserve accounts in the pre-1996 account, including the pension stabilization fund, and in the 1996 account.

(b) Income may not be distributed under subsection (a)(2) or (a)(3) to the following:

- (1) Members' annuity savings accounts in the guaranteed fund or the alternative investment program.
- (2) The annuity reserve for benefits-in-force.

*As added by P.L.2-2006, SEC.28.*